

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of	)	
Provision of Directory Listing Information)	)	
Under the Communications Act of 1934, )	)	CC Docket No. 99-273
As Amended	)	
	)	
The Use of N11 Codes and Other	)	CC Docket No. 92-105
Abbreviated Dialing Arrangements	)	
	)	
Administration of the North American	)	CC Docket No. 92-237
Numbering Plan	)	

**DECLARATION OF MARK T. BRYANT  
ON BEHALF OF WORLDCom, INC.**

1. My name is Mark T. Bryant. I am employed by WorldCom, Inc. as Executive Staff Member in the Policy Analysis Group within the Legal and Public Policy Organization. My business address is 4209 Park Hollow Court, Austin, Texas 78746.
2. I received the Ph.D. degree from the College of Communications of the University of Texas at Austin, in December, 1982. My doctoral program concentrated on the economics and regulation of the telecommunications and broadcast industries.
3. Following completion of my doctoral program, I was appointed Assistant Professor in the Department of Telecommunications at the University of Kentucky. In that position, I taught both graduate and undergraduate courses in telecommunications and broadcast regulation, in statistics, and

in television programming, including graduate seminars in the regulation of telecommunications utilities and the history and implications of the MFJ. I also was responsible for the development of a new curriculum for the College of Communications in the regulation of telecommunications utilities.

4. I assumed the position of Staff Administrator with MCI

Telecommunications in September of 1984. From April of 1985 until January of 1991, I was Manager, Texas Regulatory Affairs for MCI. From January of 1991 until September of 1993, I was Executive Staff Member, Regulatory and Economic Analysis in MCI's corporate regulatory organization. I assumed my present position in September, 1993. In my current position, I am responsible for the analysis of regulatory proceedings at the FCC and in various states across the nation, and for assisting in the development of WorldCom policy in regulatory matters.

5. The purpose of this declaration is to address the costs associated with presubscription, in particular the requisite customized routing, and cost allocation. Additionally, I comment on the NERA study submitted by the Bell Companies.

**Economic Feasibility of a Switched-Based Solution for Presubscription**

6. As stated by Mr. Caputo in his Declaration submitted with WorldCom's Comments in this proceeding filed on April 1, 2002, presubscription for directory assistance services may be accomplished by ILECs either by

means of the Advanced Intelligent Network (“AIN”) capabilities that currently exist in most ILEC networks, or by use of line class codes and customized routing (switched-based solution).

7. Basically there are two main cost issues associated with the use of line class codes and customized routing to achieve presubscription. One is the cost for the switch features and translations necessary for customized routing. The other, which is an unnecessary and anticompetitive barrier created by certain ILECs, involves the designation of trunk groups to which the calls will be routed.
8. A number of commenters claim the costs of switched-based solution would be cost prohibitive. Information submitted by Qwest Communications in a proceeding in Arizona indicates that the cost of implementing presubscription for directory assistance services is much lower than that claimed by the incumbent LECs that have filed comments in this proceeding.
9. The cost study prepared by Qwest, dated August, 2001, specifically is designed to estimate the cost of establishing customized routing for operator or directory assistance service by means of a line class code.<sup>1</sup>

According to the information submitted by Qwest, the study purports to be

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<sup>1</sup> Qwest 2001 Nonrecurring Cost Study, Customized Routing, Study ID # 5611 (Market Services and Economic Analysis Organization, Aug. 2001)(“Cost Study”); In the Matter of Investigation into US West Communications, Inc.'s Compliance with Certain Wholesale Pricing Requirements for Unbundled Network Elements and Resale Discounts. Phase IIA. (Arizona Corporation Commission Docket #T-00000A-00-0194).

a TELRIC study of the non-recurring cost of establishing this service, and includes an assignment of joint and common costs.

10. Qwest's estimate of the cost of implementing customized routing using line class codes, is \$231.38 per switch, per line class code.<sup>2</sup>
11. WorldCom contends that this estimate is high. Major ILECs should have a central management control process that allows them to monitor and manage switches from a central location. This would allow the ILEC to automatically populate the switch table translations and routing instructions in additional switches via an electronic switch administration. Therefore the cost to populate additional switches should be significantly less than the initial switch.
12. At year-end 2001, the companies reporting infrastructure statistics through the Commission's ARMIS system reported a total of 14,837 local switches were deployed in their networks. If Qwest's cost study figures are accepted as accurate, this would imply a cost for a nationwide provider (covering companies reporting through ARMIS) of \$3,432,985 for the customized routing using line class codes.
13. Qwest currently provides customized routing for directory assistance to CLECs in its region.<sup>3</sup> The price charged by Qwest in Arizona is in accord

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<sup>2</sup> Cost Study, p. 8. Qwest estimates the cost of the line class code to be \$315.87. Id.

<sup>3</sup> See, <http://www.qwest.com/wholesale/pcat/customrouting.html>

with the cost estimated in the Arizona cost study cited above.<sup>4</sup> There are no recurring monthly or per-usage charges associated with customized routing. This is reasonable, because once the routing of calls is established, no additional costs are incurred by the ILEC.

14. The second issue concerns the insistence by some ILECs, such as Qwest, that customized routing can only be used in conjunction with dedicated directory assistance trunks from ILEC end offices to directory assistance platforms.<sup>5</sup> As Mr. Caputo stated, the routing of customers' directory assistance calls over existing access trunks (such as WorldCom's Feature Group D trunks), rather than dedicated trunks, to a competitive carrier's point of presence is technically feasible.
15. Not only is this technically feasible, the shared use of these trunks by directory assistance traffic and long distance traffic is the only way in which competitive providers can hope to achieve economies of scale similar to those enjoyed by the incumbent LECs. There is no technical or cost difference in routing the traffic to an already existing access trunk group determined by the DA provider, versus a dedicated trunk, to justify this dedicated trunk policy. The cost to establish dedicate trunks to each end office, however, is prohibitive. This policy has precluded WorldCom from purchasing customized routing from Qwest. A prohibition on LEC

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<sup>4</sup>See, <http://www.qwest.com/about/policy/sgats/SGATSdocs/arizona/Arizona+9th+Revised+SGAT+11-30-01+Exhibit+A.pdf>

<sup>5</sup> See, <http://www.qwest.com/wholesale/pcat/customrouting.html>

requirements that dedicate trunks be used is necessary for the efficient use of customized routing to achieve DA presubscription.

16. A DA provider that is not currently an interexchange carrier, and therefore does not have a network of access trunks, would have the option to buy resold capacity from current interexchange carriers in order to have their traffic carried over these trunks to their own platform.

### **Cost Allocation**

17. A number of ILECs argue that any costs of implementing directory assistance presubscription should be borne by the carriers that are requesting implementation of this capability in the ILECs' networks.<sup>6</sup> This approach is in direct conflict with well-established principles that have been adopted by the Commission in implementing the provisions of the Telecommunications Act of 1996.
18. In many ways, the implementation of presubscription for directory assistance services is analogous to the implementation of number portability for local exchange services. In both cases, the need for a customer to change an existing phone number or to use an alternative dialing pattern constitute a barrier to the development of competition. With regard to number portability, the Commission found that, while it ordinarily adhered to the principle that recovery of costs should be borne by those who cause the costs to be incurred, competitive neutrality required that the

cost of implementing number portability be recovered from all carriers on a competitively neutral basis.<sup>7</sup> The recovery of any costs related to implementation of DA presubscription should not be treated any differently.

19. In any event, CLECs and competitive DA providers did not “cause” the creation of a network structure that favors one carrier over all others, and therefore cannot be said to have “caused” any costs related to rectifying this situation. Further, it is not only the competitive service providers and their customers that will benefit from the introduction of DA presubscription. The development of meaningful competition in the provision of directory assistance services will benefit all DA customers - including those who remain with the ILECs – through the lower prices and increased innovation that the market will create.

20. Additionally, ILECs should not be permitted to needlessly increase the costs of entry for competitors. As I explained earlier in this declaration, competitive providers should be allowed to designate the trunks to which the traffic will be routed. The failure of ILECs to route DA calls from their end offices to CLEC DA platforms over existing Feature Group D access trunks constitute a considerable barrier to entry. The requirement to establish dedicated DA trunks at each ILEC wire center renders the

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<sup>6</sup> NERA Report at 57.

<sup>7</sup> CC Docket 95-116, Third Report and Order, at para. 41. May 5, 1998.

competitive provision of 411 services cost-prohibitive, and therefore should not be allowed.

### **The NERA STUDY**

21. As an attachment to its comments in this proceeding, BellSouth, Qwest, Verizon, and SBC, jointly, submitted a study prepared by NERA to support its contention that the cost of implementing directory assistance would exceed any benefit to society.

22. In support of their opinion that the market for directory assistance service currently is competitive, the authors of the NERA study include as competitive alternatives several products/services that properly cannot be included in the same market as wireline directory assistance.

23. First, the authors include wireless directory assistance as a part of this market.<sup>8</sup> It stretches the imagination to concoct a circumstance in which wireless directory assistance properly can be considered a substitute for the wireline DA service. Apparently the authors consider it likely that a customer placing a wireline call would find her cell phone and dial 411 using that phone, writing down the number obtained from wireless directory assistance, before returning to the wired phone to place the call. It is plain that wireless DA is used in conjunction with wireless services, while wireline 411 service is a complement to wireline telephony. Even accepting for the sake of argument that the two services form a single



market, the wireless directory assistance market currently is dominated by the same ILECs that provide wireline 411 service, so that the presence of a wireless “alternative” does not indicate the existence of competition

24. Similarly, the authors include directory assistance as provided by various Internet-based services as a component of the directory assistance market. While use of the Internet as an alternative to wireline 411 services may be suitable for some customers, it is by no means clear that Internet services are a substitute for the vast majority of customers. First, as noted by the authors of the NERA report, Internet access is available to only 54% of households. While this may appear to be a substantial percentage of households, particularly in light of the growth in availability of Internet access, the authors ignore the fact that many of the households that currently have Internet access obtain this access through use of their existing telephone line. The same NTIA report cited by the authors of the NERA study for their statistics on the growth of Internet access shows that, of households with Internet access, eighty percent still access the Internet using a dial-up connection. For the vast majority of customers, then, use of Internet directory assistance would require the customer to establish a modem connection to the Internet, obtain the desired number, terminate the Internet connection – the phone line cannot be used for Internet access and to make a voice call simultaneously – then proceed to

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<sup>8</sup> NERA report at 17.

dial the call. The situation is similar to using wireless DA to obtain a number to use with a wired phone, and equally cumbersome.

25. The NERA authors cite declining volumes of ILEC directory assistance calls as further evidence of competition in directory assistance services. Notably, the authors' argument lacks any rigorous examination of the causes for this decline. While competition plausibly may be one factor in declining volumes, a decline also might be related to other factors. The authors themselves note that prices for directory assistance services have been increasing in recent years to "more competitive levels."<sup>9</sup> While the FCC does not require that revenues for directory assistance services be reported separately, the Commission's ARMIS database show a steady increase in the revenue account (5060) in which directory assistance revenues are recorded over the 1996-2001 period cited by the NERA authors, indicating at least the possibility that an increase in the price for directory assistance calls has suppressed demand for DA service.
26. The NERA authors go on to argue that there are no substantial barriers to entry in the directory assistance services market. Among other things, NERA argues that the ILECs' control of the 411 number does not constitute a barrier to entry. This argument is belied by the evidence the authors cite regarding consumer attitudes toward use of the existing DA access code.<sup>10</sup> According to the survey cited in the NERA report, a

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<sup>9</sup> NERA Report at 9.

<sup>10</sup> NERA Report at 53.

majority of customers would prefer to retain the existing DA access number than to experience wider choice. This finding underscores the importance of the 411 access number to customers, and suggests that portability of this access code is essential to the development of competition in the provision of local wireline DA services. It should be noted that, under WorldCom's proposal in this proceeding, customers are not required to choose between the existing access code and competitive choice. WorldCom's proposal permits customers to use the 411 dialing code to reach their preferred DA provider.

27. In summary, the development of a fully competitive market for directory assistance services requires that some form of presubscription for local exchange customers be implemented. This may be achieved either through the use of existing AIN technology or through the use of customized routing using line class codes. Implementing presubscription is not, according to the cost and prices for customized routing, cost prohibitive. The Commission should order implementation of presubscription for 411 services using either of these methods, at the ILECs' option, and should require that routing of DA calls to competitive DA platforms can be accomplished by combining DA traffic with other telecommunications traffic over existing trunks. Any costs of implementation should be borne by all carriers in a competitively neutral fashion.

I, Mark T. Bryant, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on April 30, 2002

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Mark T. Bryant